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Masan Group (MSN)

2021 earnings outperformed despite the pandemic

We attended the 4Q21 Analyst Meeting of Masan Group (MSN) with some latest information about its preliminary business results in 4Q combined with prospects and plans.

MSN's business performance in 2021

- MSN posted consolidated revenue at VN88,629 billion (+14.8% YoY), which fell short of expectation due to the transfer of Masan Meatlife's (MML) feed business and the negative impacts of COVID-19 on the store expansion & innovations in the consumer value chain.
- Wincommerce (WCM) recorded encouraging EBITDA in 2H21, underpinned by a higher EBITDA margin in 4Q21. Masan Consumer's (MCH) net sales expanded by 20% YoY thanks to positive growth in key segments (seasonings, convenience foods, meat). MML completed the transfer of feed business in November 2021 to focus more on the branded meat (pork, chicken) that brought in VND4.5 trillion (+88.6% YoY) in revenue. Masan High Tech (MHT) achieved record sales at VND13,564 billion last year, supported by high processed oil prices together with H.C. Starck's more efficient operation.
- Consolidated EBITDA in 2021 was VND16,361 billion (+58.1% YoY), of which EBITDA in 4Q alone reached 21.1% (+330 bps). EBITDA margin rose significantly to 18.5% vs 13.4% in 2020 thanks to improved EBITDA (+ 72.9% YoY) of The CrownX.
- Net profit reached VND8,563 billion (+593.9% YoY) over the past year. Free cash flow (FCF) was VND3,407 billion (+75% YoY); the net debt-to-EBITDA ratio decreased from 5.2x to 2.2x driven by better EBITDA margin and cash & cash equivalents.

Business plan for 2022 with The CrownX as the main driving force

- MSN targeted net operating income up to VND5–7 trillion (+32%–84% YoY) on consolidated revenue of VND90–110 trillion (+22%–36% YoY) this year. Revenue from consumer services is expected to contribute 85% to the total revenue from 68% last year.
- The CrownX's net revenue should hit VND68–76 trillion with VND38–40 trillion (+23–29% YoY) from WCM thanks to the store expansion as well as cost savings through negotiation with suppliers & reduced logistics costs. MCH should achieve VND34–40 trillion in revenue with the momentum gained from the premiumization strategy of key products, along with WCM's capability to acquire new customers.
- MML's revenue may reach VND5–6.5 trillion (+11–45% YoY), helped by diversifying portfolio and leveraging distribution through WCM. This figure should be VND14.5–15 trillion (+7–11% YoY) for MHT.
- In January 2022, MSN spent another USD355 million to buy a 31% stake in Phuc Long Coffee and Tea. The brand is expected to reach VND2.5 – 3 trillion thanks to expanding its stores and kiosks in WCM. Besides, the Redi virtual mobile network heads towards 500,000 – 1,000,000 subscribers in 2022.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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